

To: Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street,
Alexandria, Virginia 22314-3428
regcomments@ncua.gov

Re: Comments on Advanced Notice of Proposed Rule for Parts 703 and 704

From: David Stacey
America First Federal Credit Union
Treasurer's Office
801.778.8382
dstacey@americafirst.com

Dear Ms. Rupp:


After reviewing the proposed updates to Parts 703 and 704 permitting Federal Credit Unions and Corporate Credit Unions to make investments denominated in Foreign Currency, America First Federal Credit Union would provide the following comments.

America First believes that the drafting of NCUA part 703 has always been somewhat restrictive in nature. Although this conservative structure may protect some credit unions from unsuspectingly happening into investments with risk profiles beyond their abilities to manage, the very design of these artificial barriers may also cause some portfolio managers to have an unintended false sense of security, causing them to forgo some analysis that may have otherwise been undertaken. Additionally, risks change and evolve as markets respond to current economic environments. Investments placed in asset or mortgage backed securities allowable under 703 that today may commonly be considered perilous, yesterday could have been considered a conservative exercise in diversification. Stopping a child from touching the stove today, may not still protect when he later encounters an open flame.

While changing 703 to allow investments in foreign currency appears to drift from NCUA's conservative nature, there may be credit unions and surely corporate credit unions with balance sheet requirements and the necessary expertise to include these types of instruments in a well managed investment portfolio. America First would further argue that the NCUA should consider including similar allowances to permit investments in highly rated U.S. chartered corporations, focusing regulation on the experience and expertise that would demonstrate the ability to understand and manage risk rather than trying to prevent it at the wholesale level.

Please contact me if you have any questions regarding our comments at 801-778-8382.

Sincerely,



David Stacey
Treasurer's Office Manager
America First Federal Credit Union

With You in Mind